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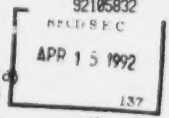

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SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

Quarterly Report Under Section 13 or 15(d)
of the Securities Exchange Act of 1934

For the Quarter Ended February 29, 1992

Commission File No. 33-23884-LA

THE WESTWIND GROUP, INC.
(Exact name of Registrant as specified in its charter)

Incorporated under the laws of the State of Delaware (State or other jurisdiction of incorporation of organization)	87-0415594 (I.R.S. Employer Identification Number)

1748 Westwood Blvd.
Los Angeles, CA 90024
(Address of principal executive offices)

Registrant's telephone no., including area code: (310) 470-6949

No Change
Former name, former address, and former fiscal year, if changed since last report.

Common Stock outstanding at February 29, 1992 - 7,422,768 shares of $.004 par value Common Stock.

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934, during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes X No _____.

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PART I - ITEM 1

FINANCIAL STATEMENTS

The condensed financial statements included herein have been prepared by the Company, without audit, pursuant to the rules and regulations of the Securities and Exchange Commission. Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted pursuant to such rules and regulations, although the Company believes that the disclosures are adequate to make the information presented not misleading.

In the opinion of the Company, all adjustments, consisting of only normal recurring adjustments, necessary to present fairly the financial position of the Company as of February 29, 1992, have been made. The result of operations for such interim period is not necessarily indicative of the results to be expected for the entire year.

ITEM 2

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion should assist in an understanding of the Company's financial position at February 29, 1992, the end of the second quarter of its fiscal year, as compared to the same quarter for the last fiscal year. The financial statements and the notes attached thereto should be referred to in connection with this discussion.

The Company is engaged in the business of financing, producing and distributing quality, lower and medium budget motion pictures. The Company's motion pictures are intended to be distributed for exhibition in domestic and foreign theater markets and for subsequent release in other markets such as home video, pay-per-view, pay television and free television. Westwind Productions, Inc., a wholly-owned subsidiary of the Company is the Company's production entity. Westwind Releasing Corp., another wholly-owned subsidiary of the Company is the Company's distribution division.

Liquidity and Capital Resources.

As of February 29, 1992, the Company's cash totalled $353,651 as compared to $318,831 at August 31, 1991. During the same period, current assets increased to $1,929,828 from $1,553,008. Total assets increased to $1,999,667 from $1,604,190 as of August

31, 1991. The increase in total assets was primarily the result of an increase in accounts receivable.

Total and current liabilities increased to $842,683 as of February 29, 1992, from $675,140 at August 31, 1991. The increase in current liabilities was the result of an increase in advances from film distribution.

Results of Operations

During the quarter ending February 29, 1992, the Company continued to engage in a variety of film activity. Such activity includes but is not limited to the following:

"Hit List" is currently in pre-production and will begin principal photography in May or June, 1992. The film is a co-production between the Company and Showtime Networks, Inc. The Company expects the film to be broadcasted as a Showtime premiere.

"The Neighbor" is currently in pre-production and will begin principal photography in approximately June, 1992. The film is a co-production between the Company and Allegro films, a Canadian company, and will be filmed in Montreal, Canada.

"Bounty Tracker" starring Lorenzo Lamas ("Falcon Crest") began pre-production in February, 1992 and will begin principal photography in April, 1992. The film is a co-production between the Company and Image Organization of Los Angeles, California. It will be filmed in Los Angeles, California.

The Company has entered into a contract with MCA Television Entertainment to develope a film tentatively entitled "Close to the Edge." The script is currently being revised and pre-production is expected to begin within the next two quarters.

The Company has elected to dissolve the partnerships for "The Banker" (Baker Partnership) and "Party Line" (P.L. Partnership) as of December 31, 1991. Final tax returns have been prepared and will be filed.

"Mission of Justice" starring Jeff Wincott ("Night Heat" and Martial Law II: Undercover") and Brigitte Nielsen ("Rocky IV", "Beverly Hills Cop II") is currently in post-production. Principal photography of the film was completed in January, 1992. The film is a co-production between the Company and Image Organization of Los Angeles. It was filmed on location in Los Angeles, California.

"Martial Law II: Undercover" starring Jeff Wincott, Cynthia Rothrock ("China O'Brien") and Billy Drago ("The Untouchables") was delivered to MCA Home Video for release of the film in the United States' video market. Image Organization is the agent for foreign sales. Revenue has been received in connection with this film and the company expects to continue to receive additional revenue

during the next two quarters. The film is a co-production between the Company and Image Organization of Los Angeles, California.

"Martial Law" starring Chad McQueen ("Karate Kid") and David Carradine ("Kung Fu") was released on videocassette in May 1991. In October 1991 the film was shown on pay-per-view stations. The film aired on Cinemax in February 1992. "Martial Law" was a co-production between the Company and Lance Entertainment of Los Angeles, California. Revenue has been received in connection with this film and the Company expects to continue to receive additional revenue during the next quarter.

In addition to the above film activity the Company was retained as a sales agent to represent the following films in the U.S. market for foreign producers:

"Deadly Surveillance" starring Michael Ironside and Christopher Bondy was produced by Allegro Films on Montreal, Canada. The Company was retained to distribute the film in the U.S. market. The Company entered into contracts with Republic Pictures for the U.S. videocassette release of the film and with Showtime networks for the U.S. pay cable release. The Company will receive a commission percentage of the gross U.S. receipts.

"Something About Love" starring Jan Rubes was produced by Allegro Film of Montreal, Canada. The Company was retained to distribute the film in the U.S. market. The Company entered into an agreement with Home Box Office for the U.S. pay cable release of the film.

The Company is continuing talks and development on further productions.

Revenue and Expenses.

The Company had total revenue of $667,966 for the three month period ending February 29, 1992, compared to $430,209 for the three month period ending February 28, 1991. For the six months ended February 29, 1992, the Company had total revenue of $1,439,575, as compared to $493,770 for the six months ended February 28, 1991.

Operating expenses decreased to $93,930 for the three month period ending February 29, 1992, from $132,359 for the three month period ending February 28, 1992. For the six months ended February 29, 1992, the Company had operating expenses of $201,414, as compared to $220,456 for the six months ended February 28, 1991.

The Company had a net income of $38,967 for the three month period ending February 29, 1992, as compared to a net income of $69,401 for the three month period ending February 28, 1991. For the six months ended February 29, 1992, the Company has a net income of $72,028, as compared to $35,826 for the six months ended February 28, 1991.

The Company's revenues from operations, and from partnership distributions as well as income and operating expenses is subject to increase or decrease on a quarterly basis depending on the amount of film activity engaged in a particular quarter and the timing of receipts from licenses and from distribution agreements

PART II - OTHER INFORMATION

Item 1. Legal Proceedings. To the best knowledge of the Company, it is not a party to any pending or threatened litigation or proceeding material to the Company.

Item 2. Changes in the Rights of the Company's Security Holders. None.

Item 3. Defaults by the Company on its Senior Securities. None.

Item 4. Submission of Matters to a Vote of Security Holders. None

Item 5. Other Information. None.

Item 6(a). Exhibits. None.

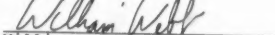
Item 6(b). Reports on Form 8-K. None.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Dated: April 10, 1992

THE WESTWIND GROUP, INC.

By 

William C. Webb
President/Director

THE WESTWIND GROUP, INC.

UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEETS

ASSETS

	February 29, 1992	August 31, 1991
CURRENT ASSETS:		
Cash and cash equivalents	$ 353,651	$318,831
Accounts receivable, net	418,190	254,746
Advances on distributions	-	68,510
Film inventory	1,157,987	906,935
Deferred income taxes	-	3,986
Total Current Assets	1,929,828	1,553,008
PROPERTY AND EQUIPMENT, net	4,350	5,540
OTHER ASSETS:	65,489	45,642
	$ 1,999,667	$1,604,190

LIABILITIES AND STOCKHOLDERS' EQUITY

CURRENT LIABILITIES:		
Accounts payable and accrued expenses	$ 78,372	$70,845
Taxes payable	51,074	93,306
Deferred income taxes	1,866	-
Deferred revenues - advances from distributor	711,371	510,989
Total Current Liabilities	842,683	675,140
MINORITY INTEREST:	427,391	271,485
STOCKHOLDERS' EQUITY:		
Preferred stock	-	-
Common stock	29,691	29,691
Additional paid-in capital	124,098	124,098
Retained earnings	575,804	503,776
Total Stockholders' Equity	729,593	657,565
	$ 1,999,667	$1,604,190

Note: The balance sheet at August 31, 1991 has been taken from the audited financial statements at that date and condensed.

The accompanying notes are an integral part of these consolidated financial statements.

THE WESTWIND GROUP, INC.

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF INCOME

	For the Three Months Ended		For the Six Months Ended	
	February 29, 1992	February 28, 1991	February 29, 1992	February 28, 1991
REVENUE	$667,966	$430,209	$1,439,575	$493,770
PRODUCTION COSTS	414,513	182,934	956,439	222,336
GROSS PROFIT	253,453	247,275	483,136	271,434
OPERATING EXPENSE:				
General and administrative	80,485	110,608	185,403	188,507
Professional fees	13,445	21,751	16,011	31,949
Total Operating Expense	93,930	132,359	201,414	220,456
INCOME FROM OPERATIONS	159,523	114,916	281,722	50,978
OTHER INCOME (EXPENSE):				
Loss on dissolution of partnerships	(63,586)	-	(63,586)	-
Interest income	1,936	2,901	5,648	3,106
Interest expense	-	(653)	-	(1,103)
Total Other Income (Expense)	(61,650)	2,248	(57,938)	2,003
INCOME BEFORE MINORITY INTEREST AND PROVISION FOR INCOME TAXES	97,873	117,164	223,784	52,981
MINORITY INTEREST IN OPERATIONS OF PARTNERSHIPS	30,094	1,038	101,256	(7,187)
INCOME BEFORE PROVISION FOR INCOME TAXES	67,779	116,126	122,528	60,168
PROVISION FOR INCOME TAXES	28,812	46,725	50,500	24,342
NET INCOME	$ 38,967	$ 69,401	$ 72,028	$ 35,826
NET INCOME PER COMMON SHARE	$ .005	$ .014	$ .010	$ .007
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING	7,422,768	5,012,768	7,422,768	5,012,768

The accompanying notes are an integral part of these consolidated financial statements.

THE WESTWIND GROUP, INC.

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

Increase (Decrease) in Cash and Cash Equivalents

	For the Six Months Ended	
	February 29, 1992	February 28, 1991
Cash Flows From (To) Operating Activities:		
Net income	$ 72,028	$35,826
Adjustments to reconcile net income to cash provided (used) by operations:		
Depreciation and amortization	1,190	1,190
Minority interests in operations of partnerships	101,256	(7,187)
Loss on dissolution of partnerships	63,586	-
Write off of film script inventory	-	5,311
Provision for allowance for doubtful accounts	37,400	-
Changes in assets and liabilities:		
(Increase) decrease in accounts receivable	(200,844)	657,986
(Increase) decrease in advances on distributions	68,510	(96,204)
(Increase) decrease in film inventory	(251,952)	26,191
Increase (decrease) in accounts payable and accrued expenses	7,527	94,701
Increase (decrease) in taxes payable	(42,232)	94,476
Increase (decrease) in deferred income taxes	5,852	(72,133)
Total Adjustments	(208,807)	704,331
Net Cash Provided (Used) by Operating Activities	(136,779)	740,157
Cash Flows From (To) Investing Activities:		
Payments for film script inventory	(19,847)	(9,875)
Distributions to limited partners	(424,856)	(343,584)
Contributions from limited partners	415,920	8,200
Net Cash From (To) Investing Activities	(28,783)	(345,259)
Cash Flows From (To) Financing Activities:		
Payments for note payable	-	(22,000)
Payments for payable to related party	-	(25,562)
Proceeds from advances from distributor	640,784	12,000
Payments for advances from distributor	(440,402)	(149,423)
Net Cash From (To) Financing Activities	200,382	(184,985)

(Continued)

THE WESTWIND GROUP, INC.

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

[Continued]

Increase (Decrease) in Cash and Cash Equivalents

	For the Six Months Ended	
	February 29, 1992	February 28, 1991
Net Increase in Cash and Cash Equivalents	34,820	209,913
Cash and Cash Equivalents at Beginning of Year	318,831	8,760
Cash and Cash Equivalents at End of Year	$ 353,651	$ 218,673

Supplemental Disclosure of Cash Flow Information:

Cash paid during the period for:		
Interest	$ -	$ 1,103
Income taxes	$ 88,960	$ 2,118

Supplemental Schedule of Noncash Investing and Financing Activities:

For the six months ended February 29, 1992:
During the six months ended February 29, 1992, the Company dissolved certain partnerships and recorded a loss of $63,586 on its investment.

For the six months ended February 28, 1991:
During the six months ended February 28, 1991, the Company transferred film inventory of $17,475 to advances on distributions.

The Company wrote off $5,311 of certain film script inventory costs.

The accompanying notes are an integral part of these consolidated financial statements.

THE WESTWIND GROUP, INC.

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 — BASIS OF PRESENTATION

The accompanying financial statements have been prepared by the Company without audit. In the opinion of management, all adjustments (which included only normal recurring adjustments) necessary to present fairly the financial position, results of operations and cash flows for all periods presented, have been made.

Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted in the accompanying interim financial statements. It is suggested that these condensed consolidated financial statements be read in conjunction with the financial statements and notes thereto included in the Company's August 31, 1991 audited financial statements. The results of operations for the periods ended February 29, 1992 and February 28, 1991 are not necessarily indicative of the operating results for the full year.

NOTE 2 — LIMITED PARTNERSHIPS

The Company forms limited partnerships to finance the production of its feature films. The Company serves as the general partner and has ownership, operating, and financial control of the limited partnerships. Limited partnership agreements generally limit cash distributions to the Company until limited partners' original investments are returned plus interest at a predetermined rate. Profits are allocated according to partnership agreements with the Company's interest ranging from 72.5% to 40.6%.

During the six months ended February 29, 1992, the Company formed a limited partnership under the terms stated above. The partnership is included in the consolidated financial statements at February 29, 1992.

During the six months ended February 29, 1992, the Company and limited partners agreed to dissolve certain older partnerships in which the Company acts as general partner. The Company recorded a loss on the dissolution of $63,586.

THE WESTWIND GROUP, INC.

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

NOTE 3 – COMMITMENTS AND CONTINGENCIES

Development Agreements - The Company enters into development agreements as a means to obtain story rights for feature films. Developers typically are entitled to a percentage of the net profits of the Company's general partnership interest in the film. Amounts paid to developers for the six months ended February 29, 1992 and February 28, 1991 were $113,747 and $138,456, respectively.

Distribution Agreements - The Company has entered into film distribution agreements for foreign markets as a means of financing production costs. These foreign distributor agreements require an up front advance which is repaid by the Company at prime plus 2% from the proceeds of the film. The foreign distributor collects revenues from sublicensees and after withholding the funds advanced, expenses incurred and a distribution fee of approximately 15% to 25% of gross revenues, forwards the remainder to the Company. Advances are classified as deferred revenues under current liabilities and together with accrued interest totaled $711,371 and $510,989 at February 29, 1992 and August 31, 1991, respectively.

The Company also enters into various other foreign and domestic distribution and licensing agreements for its films as a means to exhibit its films to the public. Distributors typically receive 12.5% to 25% of gross revenues as a distribution fee after predetermined minimum revenues are received by the Company and are entitled to be reimbursed for expenses incurred from the proceeds of the film.

The Company as a Distributor - The Company enters into various agreements to produce, assist in production and distribute films for which it does not own the story rights. These agreements typically provide for the Company to be compensated for its roll as producer, entitle the Company to receive a percentage revenue in gross profits of the film and occasionally require the Company to advance funds to meet production costs. The Company had advanced $0 and $68,510 as of February 29, 1992 and August 31, 1991, respectively, under these agreements. These advances are to be repaid from the gross revenues of the film.

When the Company acts as a distributor for films to which it does not own the story rights, it will generally arrange license or distribution agreements as discussed above. At February 29, 1992 and August 31, 1991, the Company has jointly guaranteed the payment of up to $300,000 Canadian dollars to a producer. Such payments are to be from the distributions of a film.

THE WESTWIND GROUP, INC.

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

NOTE 3 – COMMITMENTS AND CONTINGENCIES *(Continued)*

Other - The Company has a continuing obligation to certain writers and actors to pay profit participation amounts ranging from 1 to 7.5 percent based on a predetermined level of income and distributions received by the Company. The Company is also obligated to pay certain actors and writers amounts ranging from $6,000 to $45,000 when the Company is considered to be in profit. The Company has recorded $6,619 and $36,250 in profit participation payments for the six months ended February 29, 1992 and February 28, 1991, respectively.

NOTE 4 – RELATED PARTY TRANSACTIONS

During the six months ended February 28, 1991, the Company paid $25,562 to certain stockholders and officers of the Company for outstanding obligations. The Company has had no such transactions since February 28, 1991.

NOTE 5 – AGREEMENTS

The Company has entered into an agreement with an entity for assistance in finding prospective sources of financing. The Company has agreed to pay the entity five percent of any amounts generated in a financing arrangement.

NOTE 6 – GAIN CONTINGENCY

The Company has filed suit for $133,477 against a company, which had been contracted to distribute a film, for breach of a home video distribution agreement. The suit is based on a refusal to pay the full amount of the minimum guarantee, failure to render an accounting of sales and failure to pay royalties. In November 1990 the Company received a judgment against the distributor for $133,477, however, the distributor was forced into bankruptcy by its creditors before payment was made. Due to the uncertainty regarding collection of the judgment, no amounts have been recorded on the accompanying financial statements in relation to this judgment.

THE WESTWIND GROUP, INC.

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

NOTE 7 – ECONOMIC DEPENDENCY

The Company receives a substantial portion of its revenue from a foreign sales agent based in Los Angeles who collects on behalf of the Company from numerous customers on a world-wide basis. These revenues relate to other revenues as follows:

	For The Six Months Ended	
	February 29, 1992	February 28, 1991
Foreign Sales Agent	$ 854,388	$ 26,836
Domestic Customers	585,000	418,495
Other	187	48,439
Total Film Revenues	$ 1,439,575	$ 493,770